



Environmental Services Division
Energy and Waste Management Bureau

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Gasoline Prices Down; Natural Gas Up

DES MOINES – Gasoline prices have been dramatically lower at the pump throughout the entire state this month while futures markets have driven up the price of natural gas. The largest gasoline price drops in the state were registered in Council Bluffs, Waterloo, Dubuque and Des Moines, all experiencing price reductions greater than 10 percent.

Council Bluffs experienced a \$0.32 drop in average prices, making it the largest price drop in the state, and the cheapest place to refuel in Iowa. Iowa City remains the state's most expensive place to purchase gasoline. Even though Iowa City experienced a \$0.20 decrease in average fuel price this month, they are still paying a state premium of \$2.10 per gallon of gasoline. No metro area in the state experienced an increase in gasoline prices, which on average saw a price reduction of \$0.22 per gallon. With the recent price declines, Iowa remains 23 cents below the national average of \$2.23 per gallon on January 18.

The decrease comes during a much warmer winter than analysts initially predicted. Even with the Organization of the Petroleum Exporting Countries (OPEC) implementing cuts in production, member countries have continued to produce above reduction quotas. This has enabled a larger supply amidst unseasonably warm winter months across much of the U.S. The price decline arrives in winter months that traditionally have seen increases for Iowans. Gas prices in the Midwest are on average 18 cents lower than they were a year ago.

“Warmer weather is really the reason for cheaper gas prices,” said Brian Crowe, energy data analyst with the DNR. “With excess oil in major distributors’ stockpiles, the supply is up. Prices have jumped around a lot, but consumers should enjoy lower prices for at least the next couple of weeks, as long as there is a clean supply chain and barring any major winter storms.”

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	1/18/07	12 /12/06	Difference
Ames	1.98	2.20	-0.22
Cedar Rapids	2.03	2.22	-0.19
Council Bluffs	1.89	2.21	-0.32
Davenport	1.96	2.18	-0.22
Des Moines	1.93	2.17	-0.24
Dubuque	2.00	2.28	-0.28
Fort Dodge	2.09	2.20	-0.11

Iowa City	2.10	2.30	-0.20
Sioux City	2.09	2.22	-0.13
Waterloo	1.90	2.18	-0.28
Webster City	2.03	2.26	-0.23
Average Metro Price	2.00	2.22	-0.22

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	1/23/07	12/23/06	Difference
Regular Unleaded with 10% Ethanol	1.96	2.22	-0.26
Regular Unleaded	2.01	2.28	-0.27
Premium Unleaded	2.22	2.52	-0.30
Diesel	2.46	2.65	-0.19

Source: AAA Fuel Gauge Report, www.fuelgaugereport.com

Meanwhile, recent winter storms and cold weather that has crisscrossed most of rest of the country has market analysts scrutinizing natural gas price futures.

“Natural gas is going to be interesting to watch,” said Crowe. “Futures market analysts are betting on how long the current cold weather will last, with most anticipating that the cold weather will continue. The demand for natural gas will go up and create more price hikes like we have seen in recent weeks.”

On January 17, natural gas was trading at \$6.57/MMBtu, \$0.13 higher than last month, and \$2.28 lower than this time last year. That is a 26 percent decrease from where natural gas was a year ago when it traded for \$8.84/MMBtu.

U.S. crude oil stocks totaled 321.5 million barrels on January 19, 8 million barrels lower than last month’s stock and with a 2.3 percent decrease in total U.S. crude oil stocks from last month. That is roughly the same amount of reserve as this time last year. Crude oil stocks are significantly above the average range of inventory for the past 5 years.

A survey completed by the Iowa Department of Natural Resources on January 22, indicated that the average retail price of heating oil in Iowa was \$2.10 per gallon, \$0.18 lower than last month and \$0.01 lower than the price of heating oil at this time last year.

Heating Fuels Survey

Heating Fuel Type	1/22/07	12/18/06	Difference
Natural Gas	6.57 (1/17/07)	6.44 (12/20/06)	+0.13
Propane	1.48	1.48	No Change
#2 Heating Oil	2.10	2.28	-0.18

Sources: Wall Street Journal, Iowa Department of Natural Resources